

**BEFORE THE COMMISSIONER OF COMMERCE AND INSURANCE
FOR THE STATE OF TENNESSEE AT NASHVILLE**

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| MERIT QUEST CAPITAL MANAGEMENT |) | |
| INTERNATIONAL, LTD., |) | |
| IMPACT, IMPACT INTERNATIONAL, |) | |
| GRAND ENTERPRISES, INC., |) | |
| FRANK A. HARRIS, |) | No.: 99-015 |
| KRISTINA M. METCALFE, |) | |
| DON FORTUNE, and GLENDA FORTUNE |) | |

ORDER TO CEASE AND DESIST

This Order issues as a result of a Petition and its exhibits attached hereto filed by the Tennessee Securities Division of the Department of Commerce and Insurance and is predicated upon the following Findings of Fact and Conclusions of Law:

FINDINGS OF FACT

Merit Quest Capital Management International, Ltd., is a business entity with its principal place of business being Woods Centre, Box 1407 Friars Hill Road, the Parish of St. John's, Antigua, West Indies. Merit also has a mailing address at P. O. Box 1041, Erwin, Tennessee 37650. Merit has never been registered with this division as a broker-dealer;

2. Grand Enterprises, Inc., is a business entity whose principal place of business is unknown to the Division at this time. Grand has never been registered with this Division as a broker-dealer;

3. Impact and Impact International are business entities with their principal place of business being 809 East Old Hickory Boulevard, Madison Tennessee 37116. Neither Impact nor

Impact International have ever been registered with this Division as broker-dealers;

4. Frank A. Harris is a citizen and resident of the State of Tennessee with his residence being 110 Mt. Vernon Drive, Old Hickory, Tennessee 37138. Harris is the owner of Impact. Harris has never been registered with this Division as a broker-dealer or as an agent of a broker-dealer;

5. Kristina M. Metcalfe is an individual whose citizenship and residency is not currently known by the Division. Metcalfe has never been registered with this Division as a broker-dealer or as an agent of a broker-dealer;

6. Don Fortune is an individual whose citizenship and residency-is not currently known by the Division. D.Fortune has never been registered with this Division as a broker-dealer or as an agent of a broker-dealer;

7. Glenda Fortune is an individual whose citizenship and residency is not currently known by the Division. G.Fortune has never been registered with this Division as a broker-dealer or as an agent of a broker-dealer;

8. The Respondents are engaged in the sale of securities, which are not registered with the Securities Division, and do not qualify for any of the exemptions provided in the Tennessee Securities Act of 1980, as amended, Tenn. Code Ann. § 48-2-101, *et seq.*

9. The Respondents, Merit Quest Capital Management International, Ltd., Impact, Impact International and Grand Enterprises, Inc., are presently and will continue to act as broker-dealers without proper registration, and will continue to solicit customers. As a result of this activity the public will suffer immediate and irreparable injury, loss or damage;

10. The Respondents, Frank Harris, Kristina Metcalfe, Don Fortune and Glenda Fortune, are presently and will continue to act as agents of a broker-dealer without the proper registration, and will continue to solicit customers. As a result of this activity the public will suffer immediate and

irreparable injury, loss or damage;

The Respondents are presently and will continue to be engaged in the sale of an unregistered security. As a result of this activity, the public will suffer immediate and irreparable injury, loss, or damage;

12. This Order is in the public interest and necessary for the protection of investors, and consistent with the purposes fairly intended by the Act;

CONCLUSIONS OF LAW

Tennessee Code Annotated § 48-2-102(3) provides that a “broker-dealer” means any person engaged in the business of effecting transactions in securities for the account of others, or any person engaged in the business of buying or selling securities issued by one (1) or more other persons for such person’s own account and as part of a regular business rather than in connection with such person’s investment activities;

2. Tennessee Code Annotated § 48-2-102(2) provides that an “agent” means any individual, other than a broker-dealer, who represents a broker-dealer in effecting or attempting to effect purchases or sales of securities from, in or into this state;

3. Tennessee Code Annotated § 48-2-109(a) provides that it is unlawful for any person to transact business from or in this state as a broker-dealer or agent unless such person is registered as a broker-dealer or agent under this part;

4. Tennessee Code Annotated § 48-2-109(b) provides that it is unlawful for any broker-dealer to employ an agent to transact business as an agent unless the agent is registered under this part;

5. Tennessee Code Annotated § 48-1-104(1) provides it is unlawful for any person to

sell any security in this state unless it is registered under this part, unless the security or transaction is exempted, or it is a covered security;

6. Based upon the Findings of Fact, the Respondents, Merit Quest Capital Management International, Ltd., Impact, Impact International and Grand Enterprises, Inc., have violated and are violating Tennessee Code Annotated § 48-2-109(a) and (b) by acting as unregistered broker-dealers and employing unregistered agents;

7. Based upon the Findings of Fact, the Respondents, Frank Harris, Kristina Metcalfe, Don Fortune and Glenda Fortune, have violated and are violating Tennessee Code Annotated § 48-2-109(a) by acting as unregistered agents of a broker-dealer;

8. Based upon the Findings of Fact, the Respondents have violated and are violating Tennessee Code Annotated § 48-2-104 by selling an unregistered security

9. Tennessee Code Annotated § 48-2-116 provides that the Commissioner may make, promulgate, amend, and rescind such Orders as are necessary to carry out the provisions of the Tennessee Securities Act of 1980, as amended, and that such Order is in the public interest, necessary for the protection of investors and consistent with the purposes fairly intended by the policy and provisions of the Act;

10. Tennessee Code Annotated § 48-2-116(e)(2) states, in pertinent part, that no Order may be entered without prior notice to affected parties (unless the Commissioner determines that prior notice would not be in the public interest and would be detrimental to the protection of investors), an opportunity for a hearing before the Commissioner, and written Findings of Fact and Conclusions of Law;

Based upon the Findings of Fact, it would not be in the public interest and it would be detrimental to the protection of investors if prior notice of this Order were given to affected

parties;

NOW, THEREFORE, in consideration of the foregoing, it is **ORDERED** that:

1. The Respondents, Merit Quest Capital Management International, Ltd., Impact, Impact International, Grand Enterprises, Inc., Frank Harris, Kristina Metcalfe, Don Fortune and Glenda Fortune, shall comply with the provisions of the Tennessee Securities Act of 1980, as amended.

2. The Respondents, Merit Quest Capital Management International, Ltd., Impact, Impact International and Grand Enterprises, Inc., shall cease and desist in the further conduct as a broker-dealer from, in, or into the State of Tennessee until such time as it is effectively registered with the Division to engage in such activity.

3. The Respondents, Frank Harris, Kristina Metcalfe, Don Fortune and Glenda Fortune, shall cease and desist in the further conduct as agents of a broker-dealer from, in, or into the State of Tennessee until such time each is effectively registered with the Division to engage in such activity.

4. The Respondents, Frank Harris, Kristina Metcalfe, Don Fortune and Glenda Fortune, shall cease and desist in the future conduct of selling any unregistered security from, in, or into the State of Tennessee until such time as all securities sold are effectively registered with the Division.

5. All persons in any way assisting, aiding, or helping any of the aforementioned Respondents in any of the aforementioned violations of the Tennessee Securities Act of 1980, as amended, Tennessee Code Annotated §§ 48-2-101, *et seq.*, shall cease and desist from all such activities in violation of the Tennessee Securities Act of 1980, as amended.

This Order is not intended to prohibit any lawful conduct in which any of the Respondents might be engaged.

Entry of this Order shall not in any way restrict the Tennessee Securities Division or the Commissioner of Commerce and Insurance from taking further action with respect to these or other possible violations by Respondents of the Act or any of the Rules promulgated thereunder.

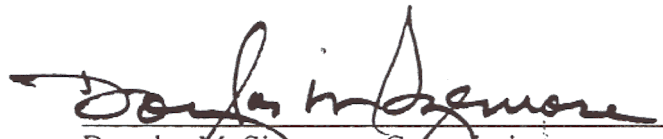
This Order shall become a Final Order thirty (30) days from the date of its entry, unless written notification requesting a hearing is made within that thirty (30) day period.

You are advised that you have the right to a hearing as to all matters raised in this Order. If you wish to exercise your right to a hearing, please notify:

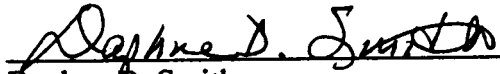
**DAPHNE D. SMITH
ASSISTANT COMMISSIONER FOR SECURITIES
STATE OF TENNESSEE, DEPARTMENT OF COMMERCE AND INSURANCE
DAVY CROCKETT TOWER, SUITE 680
500 JAMES ROBERTSON PARKWAY
NASHVILLE, TENNESSEE 37243**

Such request must be received within thirty (30) days of the date of entry of this Order.

ENTERED this the 25th day of October, 1999.


Douglas M. Sizemore, Commissioner
Commerce and Insurance

APPROVED FOR ENTRY:



Daphne D. Smith
Assistant Commissioner for Securities
Department of Commerce and Insurance



John F. Morris (BPR# 019144)
Staff Attorney
Department of Commerce and Insurance
312 Eighth Avenue, North
Snodgrass Building, Twenty-Fifth Floor
Nashville, Tennessee 37243-0569
615 741 2199

CERTIFICATE OF SERVICE

The undersigned hereby certifies that true and correct copies of this Petition and Cease and Desist Order have been served upon the following parties by posting a true and accurate copy of the above document in the United States Mail, certified return receipt requested:

Merit Quest Capital Management International, Ltd.
Woods Centre
Box 1407, Friars Hill Road
The Parish of St John's
Antigua, West Indies

P.O. Box 1041
Erwin, Tennessee 37650

Impact
809 East Old Hickory Boulevard
Madison, Tennessee 37116

Impact International
809 East Old Hickory Boulevard
Madison, Tennessee 37116

Frank A. Harris
110 Mt. Vernon Drive
Old Hickory, Tennessee 37138

True and correct copies of the foregoing Petition and Cease and Desist Order have been served upon the following parties by serving same upon the Tennessee Commissioner of Commerce and Insurance pursuant to Tenn. Code Ann. § 48-2-124(f).

Grand Enterprises, Inc.

Kristina M. Metcalfe

Don Fortune

Glenda Fortune

This the 27th day of October, 1999.

Served by

A handwritten signature in blue ink, appearing to read "John J. Harris", is written over a horizontal line. The signature is stylized with a large, looped initial "J".